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RESEARCH ARTICLE

MICROFINANCE IN RURAL NARMADA.

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Abstract

Narmada district is engaged in agriculture and plantation activities for their livelihood. Microfinance had started playing an important role in the economy of the Narmada district since late 90s. But it didn't achieve a lot of limelight then, although recently it has started gaining recognition. Gujarat Livelihood Promotion Company (GLPC) is the executive arm of Mission Mangalam, the implementation agency for NRLM. GLPC works through strategic partnership between large industries and SakhiMandals / Self Help Groups / Producer Groups / Service Groups / Collectives of the poor, through decentralized Micro Enterprise Ventures. Microfinance has been largely visible via various platforms among the rural and poor in Narmada district.

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Introduction:-

Narmada district is located in the southern part of Gujarat. Major portion of the population in the Narmada district is engaged in agriculture and plantation activities for their livelihood. Production of Banana and Cotton remains highest among all the crops of the district. Nearly, investment of Rs. 600 Crores was observed in the industries such as Textiles, Food, Wood, Paper, Rubber Sugar and Chemicals during the period of 1988-2007 (Narmada, 2016). In the four talukas of the district, there are over 860 Small Scale Industries operating (Narmada, 2016). Demand based and agro based industries have been mostly developed in the non-farm activities in the district.

Wheat, paddy, Makka, Sugar cane and bajra are the major food crops, while Cotton, Ground nut, castor, and soyabean are the major commercial crops grown in the district. Banana is major crop in plantation. Hence, there exists huge potential for establishing new fruit processing industry in the district. Narmada houses Herbal Botanical Garden, consisting of almost 70 species of herbal plants, which are used for the ayurvedic and natural therapy treatment (Narmada, 2016).

Microfinance had started playing an important role in the economy of the Narmada district since late 90s. But it didn't achieve a lot of limelight then, although recently it has started gaining recognition. Below we are about to see the efforts led to the success behind microfinance.

NRLM (National Rural Livelihood Missions):-

Aajeevika - National Rural Livelihoods Mission (NRLM) was launched by the Ministry of Rural Development (MoRD), Government of India in June 2011 (GOI, 2015). Aided in part through investment support by the World Bank, the Mission aims at creating efficient and effective institutional platforms of the rural poor enabling them to increase household income through sustainable livelihood enhancements and improved access to financial services.

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NRLM has set out with an agenda to cover 7 Crore rural poor households, across 600 districts, 6000 blocks, 2.5 lakh Gram Panchayats and 6 lakh villages in the country through self-managed Self Help Groups (SHGs) and federated institutions and support them for livelihoods collectives in a period of 8-10 years (GOI, 2015).

In addition, the poor would be facilitated to achieve increased access to their rights, entitlements and public services, diversified risk and better social indicators of empowerment. NRLM believes in harnessing the innate capabilities of the poor and complements them with capacities (information, knowledge, skills, tools, finance and collectivization) to participate in the growing economy of the country.

Mission Mangalam- GLPC (Gujarat Livelihood Promotion Committee Ltd.):

Overview:-

Gujarat Livelihood Promotion Company (GLPC) is the executive arm of Mission Mangalam, the implementation agency for NRLM. It has been registered under The Companies Act, 1956 (GOG, 2016).

GLPC works through strategic partnership between large industries and SakhiMandals / Self Help Groups / Producer Groups / Service Groups / Collectives of the poor, through decentralized Micro Enterprise Ventures. The promoting companies / entrepreneurs redesign the process where intensive tasks as job-works are undertaken by Self Help Groups in their respective homes or villages as self-employment activities.

Objectives:-

1. Empowering the Poor by organizing them into SHGs/Federations/other Collectives.
2. Empower the poor through ensuring access to Financial Services.
3. Augmenting existing livelihoods and enhancing incomes
4. Explore livelihood opportunities through newer ventures in rural service sector
5. Developing Inclusive Value Chains

Vision and Mission:-

Self-Help Groups (SHGs) are found to have not only positively impacted the social capital and economic empowerment of the members but also generated positive social externalities. The vision of the Gujarat Livelihood Promotion Company could be stated as:

"Create a socio-economically developed Gujarat through inclusive growth strategies for empowering the underprivileged members of vulnerable communities/groups, resulting in them leading a dignified life." (GOG, 2016)

The GLPC, while working towards the challenging vision of empowerment of poor women, has to ensure realization of this vision through participatory means and by convergence of prevalent government developmental schemes. The mission of the company could be stated as:

"We strive to serve the underprivileged women as well as members of vulnerable communities/groups in the state by organizing and capacitating their Groups and creating sustainable livelihoods. We ensure convergence of prevalent development programmes and schemes as well as forge partnerships with other non-government organizations and corporate houses for inclusive growth and the empowerment of the members of the groups served. In order to provide quality member-services, we strive to remain financially sound and secure. We will work towards establishing ourselves as a unique organization with deep abiding human values and maintaining the same." (GOI, 2015)

Below is the analysis of secondary data of the past 5 years (2011-2016) accumulated by Mission Mangalam regarding the beneficiaries of microfinance which has shown the prominence and sustainability of microfinance in Narmada district.

Landholders:-

Table 2:- District wise number & Area of operational holders according to size class & social groups.

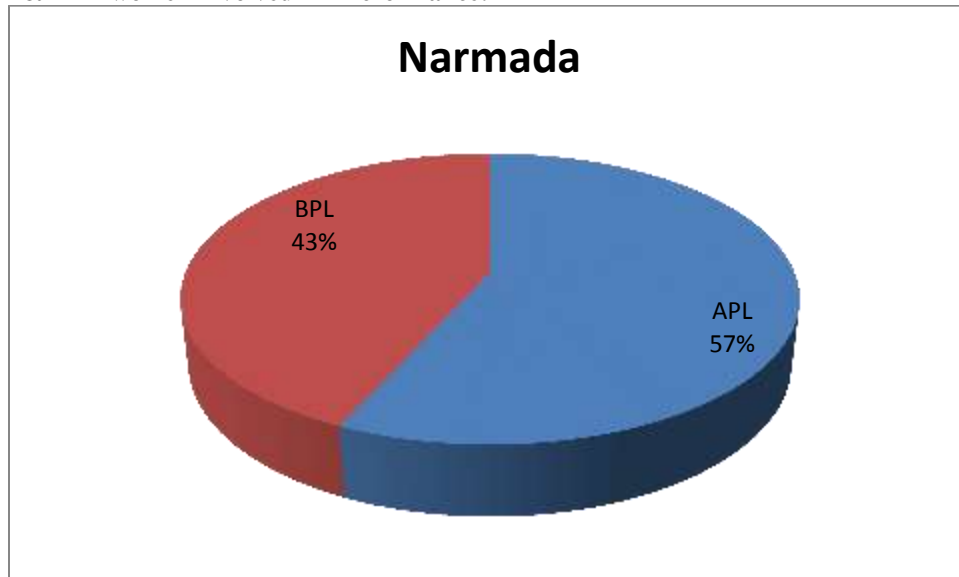
(Area in Hectares)

| No | Size Class | Institutional | | Scheduled Caste | | Scheduled Tribe | | Others | | All Social Group | |
|----|------------|---------------|------|-----------------|------|-----------------|------|--------|------|------------------|------|
| | | No | Area | No | Area | No | Area | No | Area | No | Area |

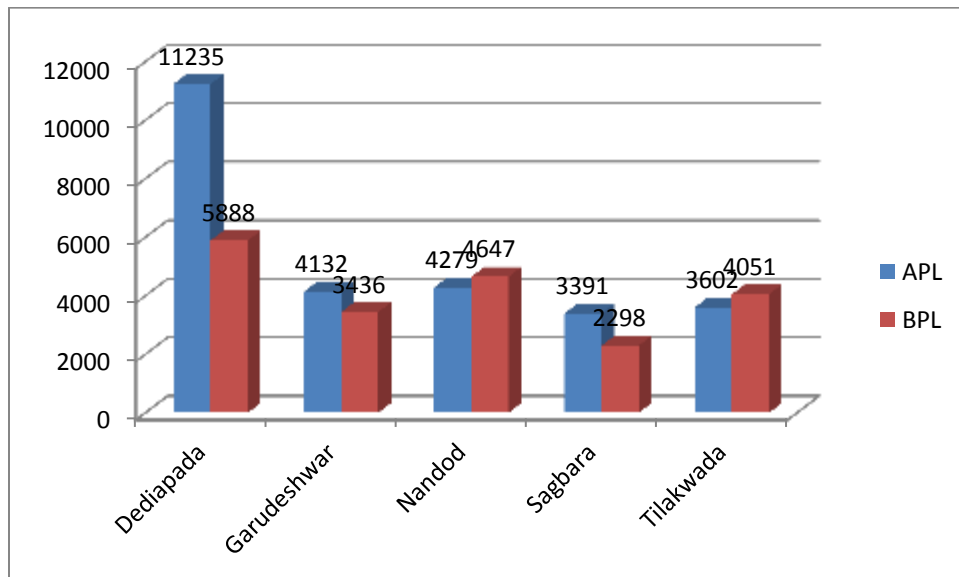
| | | | a | | | | | | | | |
|----|-------------|---------------|-----|----------------|----------|-------------------|-----------|-------------------|-----------|-------------------|------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 1 | Below 0.5 | 2 | 0 | 146 | 42 | 3053 | 783 | 1502 | 392 | 4703 | 1218 |
| 2 | 0.50-0.99 | 2 | 1 | 275 | 210 | 4779 | 3707 | 2702 | 2058 | 7758 | 5976 |
| | Marginal | 4 | 2 | 421 | 253 | 7832 | 4489 | 4204 | 2450 | 12461 (28.32%) | 7194 |
| 3 | 1.00-1.99 | 1 | 2 | 303 | 430 | 9559 | 1386 5 | 4015 | 5782 | 13878 | 20079 |
| | Small | 1 | 2 | 303 | 430 | 9559 | 1386 5 | 4015 | 5782 | 13878 (31.55%) | 20079 |
| 4 | 2.00-3.99 | 0 | 0 | 95 | 229 | 5569 | 1336 0 | 1862 | 4536 | 7526 | 18125 |
| 5 | 3.00-3.99 | 1 | 4 | 47 | 160 | 2993 | 1028 9 | 987 | 3415 | 4028 | 13868 |
| | Semi-medium | 1 | 4 | 142 | 389 | 8562 | 2364 9 | 2849 | 7951 | 11554 (26.27%) | 31992 |
| 6 | 4.00-4.99 | 0 | 0 | 14 | 63 | 1657 | 7372 | 535 | 2390 | 2206 | 9824 |
| 7 | 5.00-7.49 | 1 | 6 | 20 | 120 | 1731 | 1035 4 | 595 | 3573 | 2347 | 14052 |
| 8 | 7.50-9.99 | 0 | 0 | 3 | 27 | 615 | 5253 | 186 | 1590 | 804 | 6870 |
| | Medium | 1 | 6 | 37 | 209 | 4003 | 2297 9 | 1316 | 7553 | 5357 (12.17%) | 30747 |
| 9 | 10.00-19.99 | 5 | 78 | 13 | 195 | 413 | 5347 | 157 | 2259 | 588 | 7879 |
| 10 | 20.00&Above | 1 | 64 | 3 | 83 | 81 | 5279 | 64 | 7476 | 149 | 12901 |
| | Large | 6 | 141 | 16 | 278 | 494 | 1062 6 | 221 | 9735 | 737 (1.67%) | 20780 |
| | All Classes | 13 (0.03%) | 154 | 919 (2.01%) | 155 9 | 30450 (69.22%) | 7560 8 | 12605 (28.65%) | 3347 0 | 43987 | 11079 2 |

Source: KrishiBhavan, Floor No.4, Sector 10, Gandhinagar.

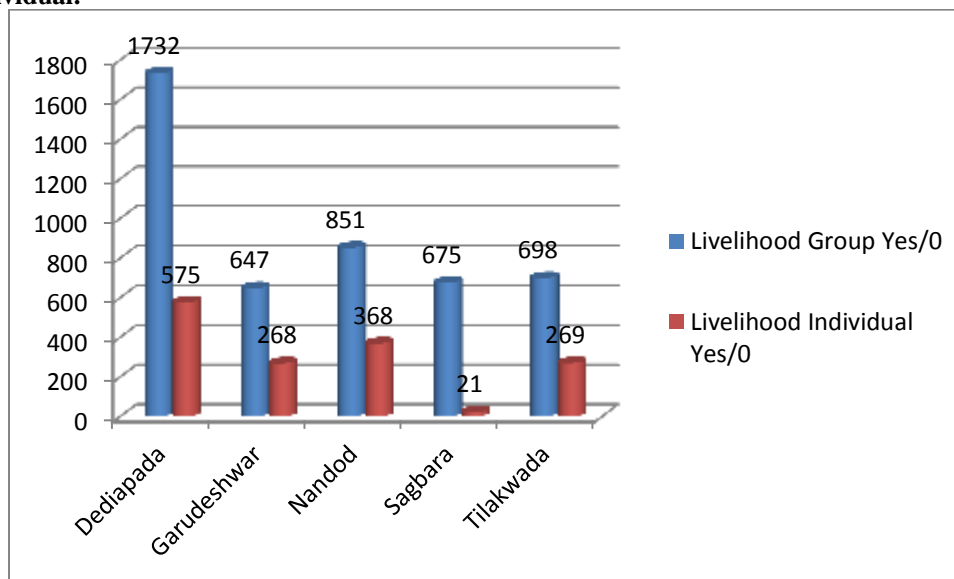
A total of 43987 landholders are there in the Narmada district. Out of them 12,461 (28.32%) are marginal (who holds area less than a hectare), 13878 (31.55%) are small (who holds area of one hectare and above but below two hectares), 11554 (26.27%) are semi-medium (who holds area of two hectares but less than four hectares), 5357 (12.17%) are medium (who holds area of four hectares but less than ten hectares) and 737 (1.67%) are large (who holds area of ten hectares and above) land holders. Also out of the total landlords 30450 (69.22%) belong to the scheduled tribe, 919 (2.01%) belong to the scheduled caste, 12605 (28.65%) belong to the other caste and 13 (0.03%) belong to the operational holder related with institution i.e. holding such as government farms, sugarcane factory farms, co-operative farms, land managed by trust. From table 2, the total number of marginal, small, semi medium, medium and large farmers can be seen. Table 2 shows that 59.87 % from the total farmer's population are small and marginal farmers. Hence it can be seen that more than 50% of the population consists of small and marginal farmers. The need for financial assistance is the highest among them and hence microfinance comes as a reliable and sustainable source of finance.

Ratio of APL & BPL women involved in microfinance:-**Figure 2:-** APL & BPL women involved in microfinance.

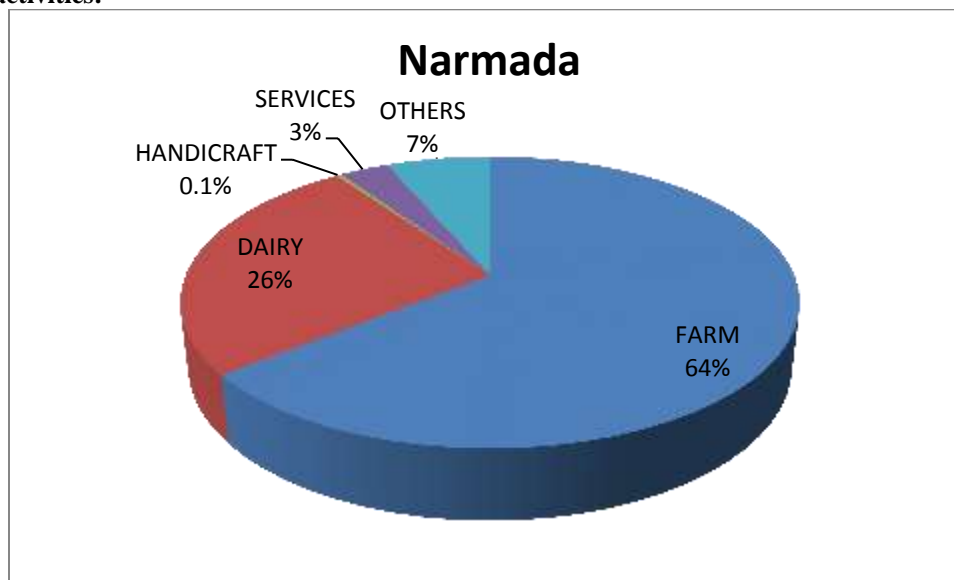
From the figure 2 it is clearly evident that above poverty line (APL) women are more involved in the microfinance and SHG activity compared to below poverty line (BPL) women. Thus it can be seen that microfinance has been a reliable source to both APL and BPL women in Narmada district.

**Figure 3:-** Talukas showing APL/BPL ratios.

It can also be seen from figure 3 that in Dediapada, Garudeshwar and Sagbara talukas the ratio of APL women is higher than BPL women. In Nandod and Tilakwada talukas BPL women are more involved in the microfinance and Shg activities. Hence it is to be seen that why the BPL section in Dediapada, Garudeshwar and Sagbara are not as active as Nandod and Tilakwada.

Group/ Individual:-**Figure 4:- Group/individual beneficiaries of microfinance.**

Microfinance is given to individuals as individual loans as well as to the groups as Self Help Group Loans. From the above figure it is evident that the SHG scheme seems to be working out well in all the talukas of Narmada district. The self help group system is more sustainable and successful in all the talukas of Narmada.

Livelihood activities:-**Figure 5:- Livelihood activities of microfinance beneficiaries.**

From the above figure it can be seen that the majority of the population i.e. 64% is involved in farm activities, 26% is involved in dairy, 3% in services, 0.1% in handicrafts and 7% in others. Thus the importance of microfinance to provide sustainable source of finance to the farm activities is the highest.

Training

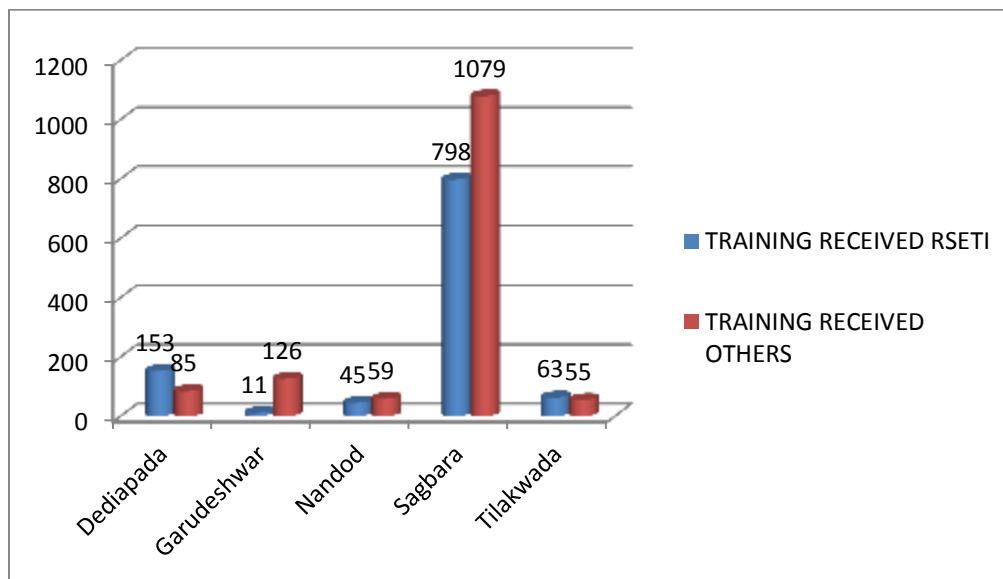


Figure 6:- Training received by the microfinance beneficiaries.

As it can be seen from figure 6 that the highest number of members who have received training from both government and private agencies are in Sagabara taluka. All the other talukas are lagging behind in the training area. Rural self employment training institutes (RSETIs) are playing an important role in providing training to the microfinance beneficiaries.

Participation in Government Schemes:-

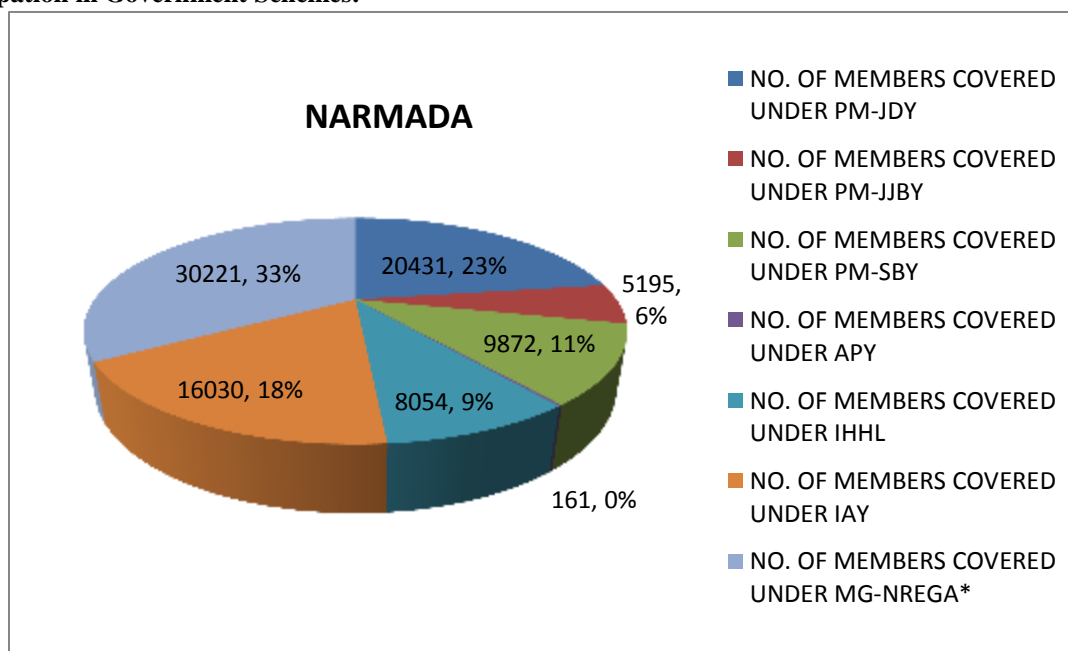


Figure 7:- Participation in Government schemes of microfinance beneficiaries.

Government has taken a serious role in supporting the public by providing them with different schemes benefitting in different areas of life. The popular government schemes are PM-JDY: Pradhan Mantri Jan Dhan Yojana, PM JJBY: Pradhan Mantri Jeevan Jyoti Bima Yojana, PM-SBY: Pradhan Mantri Suraksha Bima Yojana, APY: Atal Pension Yojana, IHHL: Individual Household Latrine Application, IAY: Indira Awas Yojana, MG-NREGA: Mahatma Gandhi National Rural Employment Gurantee Act etc. These schemes cover life insurance, pension, rural

employment, accident coverage, provision of basic household facilities such as toilet and so on. Also these are available for both APL and BPL population of the country. Hence microfinance has helped the public to take advantages of the above mentioned government schemes.

Active/Inactive Members availing microfinance

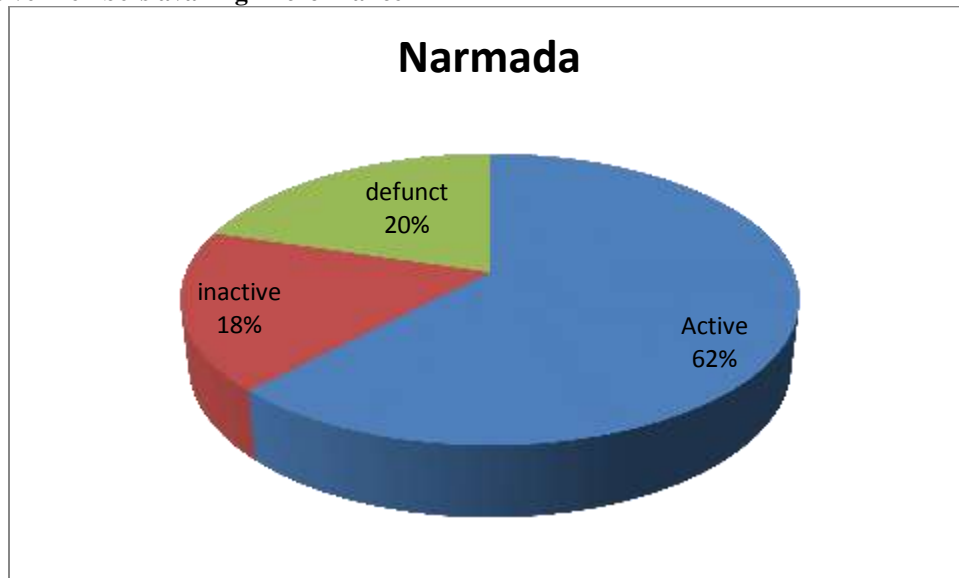


Figure 8:- Active/ inactive microfinance beneficiaries.

Now from the above given figure i.e. figure 8 it is clearly evident that 62% of the microfinance beneficiaries are active whereas 38% are inactive. This means that the microfinance programme has been successful as more than 50% of the members are still active which further means that microfinance has helped to provide a reliable source of income to more than 50% of its members.

The above given data and tables show a clear picture of the Narmada district. It gives an approximate idea about the total number of population belonging to poor, tribal, small and marginal farmers and women of the district. All these sections are important because microfinance is prevalent in the same sections. Also, currently there are SHGs dealing with women and agro- based activities in all the talukas of the Narmada district. Microfinance has been largely visible via various platforms among the rural and poor in Narmada district. Hence microfinance is taking an active interest in providing finance to all the important sections of the society.

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